

Message Text

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17

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

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INFO DEPT OF TREASURY WASHDC

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TAGS: EFIN MX

SUBJECT: MEXICAN ECONOMY IN 1975

1. AT BANK OF MEXICO'S ANNUAL MEETING ON FEB. 25, DIRECTOR GENERAL RELEASED PRELIMINARY DATA ON MEXICAN ECONOMY'S PERFORMANCE IN 1975.

2. GROSS DOMESTIC PRODUCT INCREASED FROM 3.8 TO 4.2 PERCENT IN REAL TERMS FROM 1974 TO 1975, AND BETWEEN 20.7 AND 21.2 PERCENT IN CURRENT PRICES. PETROLEUM AND PETROCHEMICALS SECTORS SHOWED GREATEST GROWTH. MANUFACTURERS OUTPUT UP 4PERCENT, WITH GROWTH RATE HIGHER IN SECOND HALF OF YEAR. NO FIGURES RELEASED ON AGRICULTURE PRODUCTION BUT REPORT SAYS THAT INCREASED OUTPUT OF GRAINS OFFSET BY SUBSTANTIAL REDUCTION IN COTTON. NATIONAL CONSUMERS PRICE INDEX INCREASED 11.3 PERCENT FROM DEC. 1974 TO DEC. 1975. WHOLESALE PRICE INDEX INCREASED 13.4 PERCENT OVER SAME PERIOD.

3. RE BALANCE OF PYAMENTS, CURRENT ACCOUNT DEFICIT WAS \$3,643 MILLION. NET INFLOW OF MEDIUM AND LONG TERM CAPITAL WAS \$3,890. AS RESERVES INCREASES \$165
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MILLION TO \$1,608.9 MILLION AS OF DEC. 31, 1975, ERRORS

AND OMISSIONS INCLUDING SHORT TERM CAPITAL WERE
MINUS \$82 MILLION. RE CURRENT ACCOUNT, TRADE DEFICIT
WAS \$3,581 MILLION WITH THE BALANCE OF CURRENT ACCOUNT
TRANSACTIONS IN DEFICITS BY \$62 MILLIONS. TOURISM EARNINGS
WERE \$801 MILLION, \$41 MILLION BELOW 1974 FIGURE. RE
LONG-534. :-085-) -::97,5, FOREIGN DIRECT INVESTMENT WAS
\$362 MILLION, OTHER PRIVATE CAPITAL FLOWS WERE \$500
MILLION, AND NET PUBLIC SECTOR BORROWING WAS \$3,028 MILLION.

4. TEXT OF REPORT COMPARES MEXICO'S ECONOMIC PERFORMANCE
IN 1975 FAVORABLY WITH DEVELOPED COUNTRIES AND IMPLIES
THAT MEXICO WILL BENEFIT FROM IMPROVED ECONOMIC OUTLOOK
IN U.S. THERE ARE NO PROJECTIONS FOR MEXICAN ECONOMY
IN 1976. REPORT STATES THAT PRIVATE SECTOR INVESTMENT DID
NOT MAKE A "SIGNIFICANT CONTRIBUTION" TO ECONOMY, BUT
TOTAL INVESTMENT INCREASED SIX PERCENT IN REAL TERMS.
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